

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
DECEMBER 16, 1999
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on December 16, 1999 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: Robert F. Vickrey, Chairman; and Members Gregory C. Jones, Stuart P. Levine and Staci M. Yandle.

Also in attendance were: Administrator Sergio E. Acosta, Special Counsel to the Board Robert F. Casey, Deputy Administrators Joseph Haughey, Allan McDonald, Roger Shiels, and Thomas Swoik, Chief Legal Counsel Mareile' Cusack, other members of the staff, the media, the general public and interested parties.

Chairman Vickrey called the meeting to order at 9:15 a.m. Member Jones moved **that the Board retire to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matters:**

- 1. Issues Concerning Applicants and Licensees**
- 2. Recommendations of Administrative Law Judges**
- 3. Pending Litigation and Matters Involving Probable Litigation**
- 4. Investigatory Matters**
- 5. Personnel Matters**
- 6. Closed Session Minutes**

Member Levine seconded the motion. The Board adopted the motion by unanimous consent.

The Board convened in Open Session at 11:30 a.m.

Chairman's Report

The Chairman reported that licensees who had requested approval for 24-hour gaming have formally withdrawn those requests. Therefore, the Board will not take any action on this issue.

Chairman Vickrey thanked Roger Shiels who after 30 years of public service is retiring effective January 30, 1999. The Chairman stated that Roger pioneered the rules of minimum specifications for electronic gaming devices and built the investigations unit into a source of unbiased and factual information.

The Chairman also thanked Jill Majcher who after 14 years of public service is leaving the Gaming Board effective December 28, 1999. Jill, a member of the audit division, had the task of reviewing internal control submissions and was chiefly responsible for establishing the minimum internal control requirements for all owner licensees.

The Chairman stated that Roger and Jill's professional knowledge and guidance over the years will be sorely missed. (*Secretary's Note: Jill Majcher has been allowed to continue as a permanent part-time employee and will not be leaving the agency.*)

Chairman Vickrey, on behalf of the Board presented Roger with a paperweight reflecting his years of services to the Board.

Board Minutes

Member Levine moved **that all portions of the closed session minutes of the Illinois Gaming Board from April, 1999 through and including October 15, 1999, for which the need for confidentiality no longer exists, be made available for public inspection in accordance with the Open Meeting Act.** Member Jones seconded the motion. The Board approved the motion unanimously by voice vote.

Member Levine moved **that the Board approve the minutes from the open and closed sessions of the October 26, 1999 regular meeting and the October 22, 1999, November 10, 1999 and November 15, 1999 special meetings.** Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

Administrator's Report

Due to time constraints the Administrator presented the Board with a written report. No comments were made.

Monthly Performance Report

Deputy Administrator Swoik summarized the monthly statistical reports for October and November AGR, admissions and patron counts. He reported that the October AGR was \$129 million and November was approximately \$124 million. Mr. Swoik stated that for the first time, Elgin's Grand Victoria exceeded an average of over \$1 million a day every day during the months of October and November. Harrah's Joliet exceeded \$1 million three separate days during November for the first time since 1996.

Owner Licensee Items

HOLLYWOOD CASINO AURORA ("HCA") – Ed Pratt, representing HCA, requested renewal of its owner's license.

The Administrator recommended renewal of HCA and thanked HCA again for the termination of its management agreement.

Chairman Vickrey asked Mr. Pratt to share his thoughts on the plans to replace its current facility with a new one. Mr. Pratt stated that HCA is moving forward developing and finalizing its plans to develop a large docksite style facility that would wrap the existing current land-based facility and replace its two boats. He noted that additional food and beverage amenities have been added and there will be 100,000 square feet of construction on two levels.

Member Jones moved that **the Board renew the owner's license of Hollywood Casino-Aurora ("HCC") for a period of 1 year expiring December, 2000.** Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

ALTON BELLE CASINO ("Alton") – Don Malloy, representing Alton, requested approval of Brian Watts as Casino Manager.

Member Yandle moved that **the Board approve Brian P. Watts as a Level 1 Occupational Licensee of Alton Gaming Company.** Member Jones seconded the motion. The Board approved the motion unanimously by voice vote.

CASINO ROCK ISLAND ("CRI") – Donna B. More, representing CRI, requested approval of Deanna Warpehoski as Controller.

Member Yandle moved that **the Board approve Deanna K. Warpehoski as a Level 1 Occupational Licensee of Casino Rock Island.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

HARRAH'S CASINO JOLIET ("Harrah's") – Tom O'Donnell, representing Harrah's, requested approval of Ronald Holloman as Director of Internal Audit.

Member Yandle moved that **the Board approve Ronald C. Holloman as a Level 1 Occupational Licensee of Harrah's Casino Joliet.** Member Jones seconded the motion. The Board approved the motion unanimously by voice vote.

Supplier Licensee Items

PDS FINANCIAL – Donna B. More and Johann Finley, representing PDS, requested approval of its supplier's license.

The Administrator stated that if PDS is approved by the Board that certain conditions be placed on the license.

Chairman Vickrey asked Mr. Finley to describe the general nature of the business. Mr. Finley stated that the predominate product provided to the industry is financing and leasing. He stated that there is a trend toward leasing gaming devices rather than purchasing them outright for lower payment and the ease of moving the assets. PDS' by-product is as a slot distributorship called Slot Source. Slot Source buys games from

a variety of operators across the nation and then remanufactures and resells the games back into the U.S. domestic market place.

Chairman Vickrey asked if Slot Source was the most profitable division of PDS. Mr. Finley responded no.

Chairman Vickrey asked what percentage of the total volume of the company in terms of gross revenues are derived from Slot Source. Mr. Finley stated that the company provides about \$100 million in loans and leases a year. Slot Source generates around \$13 - \$14 million in revenue. He stated that approximately 15 percent of its aggregate business is done through Slot Source. PDS is eleven years old. Slot Source was developed as a division of the company in 1997 to support its leasing portfolio.

Chairman Vickrey asked if PDS plans on purchasing used EGDs from Illinois licensees. Mr. Finley responded yes. The Chairman asked what the market would be for the machines. Mr. Finley stated that jurisdictions that lease used machines are mainstream jurisdictions like Colorado and downtown Las Vegas. He stated that his understanding is that, by statute, Illinois is not a market place for used gaming devices. Mr. Finley further stated that he views Illinois as a source of inventory for PDS.

Member Levine moved that **pursuant to Board Rule 3000.240, the Board approve the application for a supplier's license submitted by PDS Financial. This initial license is for a period of one year, expiring in December of 2000.**

In issuing this license the Board orders the following:

- 1. PDS must submit to staff the company's due diligence plan to assure that all domestic and international transactions entered into comply with the laws applicable to the jurisdictions in which the transactions occur; and**
- 2. PDS is to have each and every electronic gaming device offered to Illinois casinos individually tested by an independent gaming laboratory.**

Further, I move that the Board approve Johann Finley, as a Key Person of PDS.

Member Jones seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licenses

Member Jones moved that **the Board approve 33 applications for an Occupational License, Level 2, and 18 applications for an Occupational License, Level 3, and deny 2 applications for an Occupational License, Level 2 and 3 applications for**

an Occupational License, Level 3. Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

Administrative Hearings/ALJ Reports

Member Yandle moved that **the Board adopt the findings of fact and conclusions of law contained in the ALJ's recommended order and revoke Laura Vaughn's occupational license.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

Complaints & Disciplinary Actions

Member Jones moved that **the Board issue a disciplinary complaint against Judith Roe and Tina Ores and revoke their occupational licenses.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

Board Policy Items

EXECUTIVE ORDER – The Administrator stated that on November 16, 1999 the Governor issued Executive Order Number 16 which set forth a model policy on sexual harassment. The Executive Order directed that each agency, board and commission of the State adopt and implement the policy. He stated that staff recommends that the Board adopt the sexual harassment policy as the Gaming Board's policy.

Member Jones moved that

WHEREAS, on November 16, 1999, the Governor adopted Executive Order Number 16, setting forth a Model Policy on sexual harassment; and

WHEREAS, Executive Order Number 16 directs each Agency, Board or Commission of the State to adopt and implement the Model Policy set forth therein.

NOW THEREFORE BE IT RESOLVED, that the Illinois Gaming Board adopts the Model Policy attached to Executive Order Number 16, as its policy on sexual harassment; and

BE IT FURTHER RESOLVED that the Administrator is directed to disseminate this Policy to all members of Staff.

Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

CODE OF CONDUCT – The Administrator stated that staff recommends to the Board that it amend its Code of Conduct to reflect language stating that Board Members and employees of Board have a continuing obligation to comply with all Executive Orders.

Member Jones moved that **the Board amend the Code of Conduct to reflect that the Members and employees of the Board shall have a continuing obligation to**

comply with any and all applicable Executive Orders, as adopted from time to time by the Governor of the State of Illinois. Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

RULEMAKING/FINAL ADOPTION – Chief Counsel Cusack stated that staff appeared before JCAR to consider the rulemaking published as a result of the adoption of SB1017. JCAR issued a no objection certificate. Staff recommended that the Board approve the final publishing and adoption of the rules.

Member Yandle moved that **the Board approve the final publishing in the Illinois Register and the final adoption of proposed new Rules 3000.232 concerning undue economic concentration and Rule 3000.237 concerning renewal of Owner's licenses as presented by staff at this meeting.**

I further move that the Board approve the final publishing in the Illinois Register and the final adoption of the amendments to Rules 3000.230, 3000.235, 3000.236, 3000.500, 3000.510, 3000.1071 and 3000.1072 as presented by staff at this meeting. Member Jones seconded the motion. The Board approved the motion unanimously by voice vote.

RULEMAKING/FIRST NOTICE FILING – The Administrator stated that current Board Rule 3000.930 deals with the issue of the hours during which alcohol may be served on riverboats. The staff recommends that the rule be amended due to the advent of dockside gaming. The current rule states that alcoholic beverages may be sold at any time during a scheduled excursion. The proposed amendment would read as follows, "Unless otherwise agreed to by the local municipality or the home rule until where the Riverboat is located, a holder of an owner's license may not sell alcoholic beverages or furnish or permit the same to be consumed on the Riverboat at any time beyond the hours permitted by local law or ordinance applicable to the dock or location where the Riverboat is situated. (*Underlined language is new.*)

The Chairman asked how long before the rule could become effective. Ms. Cusack stated that if there are no issues or problems the rule could become effective in approximately three months.

Member Yandle moved that **the Board approve the first notice filing of proposed amended rule 3000.930.** Member Jones seconded the motion. The Board approved the motion unanimously by voice vote.

2000 BOARD MEETING DATES

Member Levine moved that **the Board approve the following Board meeting dates for the 2000 calendar year: January 18, February 22, March 21, April 25, May 16, June 20, July 18, August 15, September 5, October 17, and December 5.** Member Jones seconded the motion. The Board approved the motion unanimously by voice vote.

Public Commentary

Jim Curley, a citizen of Park Ridge, expressed his concern about the approval of Horseshoe's acquisition of Empress Casino Joliet. He further stated that construction is still going on in Rosemont at the proposed casino site. Mr. Curley questioned if this is a violation of the Riverboat Gambling Act since the construction appears to be of a building with water around it instead of a riverboat or barge.

Christopher Anderson, representing the Gambling Recovery Center, discussed a couple of issues of concern regarding compulsive gambling. He asked the Board if patrons are being granted credit by the casinos. Chairman Vickrey responded that the Board did not want to get into a question and answer session. Mr. Anderson stated that he is against the extension of credit. He feels that you cannot form an alliance with the Illinois casino industry to effectively address the issue of problem and compulsive gambling. He does not believe the Illinois casino industry should be the sole source of contributions to problem and compulsive gambling. He asked the Board to convene a special session strictly designed to address issues of problem and compulsive gambling in the State of Illinois per the mandate of the Illinois General Assembly so that policies can be established by the Gaming Board.

Patricia Arroyo, representing Justice for Janitors, asked that the Board to deny Rosemont a casino license until assurances are made by the licensee that the casino workers will be treated fairly.

Teresa Bajerczak, an employee of Bomark Cleaning Services, Inc., cited examples of alleged unfair treatment of Bomark's female employees. She stated that employees of Bomark are seeking unionization.

Tom Grey, representing the National Coalition Against Legalized Gambling, asked that the staff state their recommendation concerning the sale of Empress to Horseshoe. Chairman Vickrey stated that, that portion of the investigation is still on going so the Board did not ask for a recommendation. The Chairman stated that staff requested more time to investigate Mr. Binion, which the Board agreed to. Mr. Grey asked the Board to explain how an investigation of Jack Binion can continue after the sale has been approved. Chairman Vickrey cited examples of past Board action where this had occurred. Mr. Grey expressed his displeasure with the Board's recent public comments and Board actions. He asked Chairman Vickrey to offer his resignation citing that he has no confidence in the Board's proceedings.

Peter Bensinger, representing Bensinger, DuPont & Associates, asked to comment on remarks made by Christopher Anderson. The Chairman apologized and stated that time had run out and that persons on the agenda not able to make a presentation would be placed on the January, 2000 agenda.

There being no further business to come before the Board, Member Levine moved **that the Board stand adjourned**. Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote and adjourned at 12:30 p.m.

Respectfully submitted,

Susan O. Weber
Secretary to the Board